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ABSTRACT

This document provides a fact sheet, status report, and questions and answers about E-Rate, the discount Educational Rate that schools and libraries will receive for the acquisition of telecommunication services. E-Rate is the result of a regulatory decision on Universal Service made by the Federal Communications Commission (FCC) on May 7, 1997. Starting in January 1998, schools and libraries will be eligible for up to $2.25 billion a year in discounts for a wide range of telecommunications services. Public and private K-12 schools and public libraries are eligible for the discounts. Schools and libraries will not receive the funds directly, rather they will realize the savings in the form of discounts, and service providers will be reimbursed for discounted services provided. Services covered include Internet access, internal connections to bring the technology into each classroom, and telecommunications services (such as voice and data service). Equipment, software, professional development, and asbestos removal are not covered. Discounts range from 20-90% based on economic disadvantage and geographic location, with an average discount of 60%. Economic need is determined by eligibility for the Free or Reduced Price Lunch Program. Application information and sources for further information are provided. (SWC)

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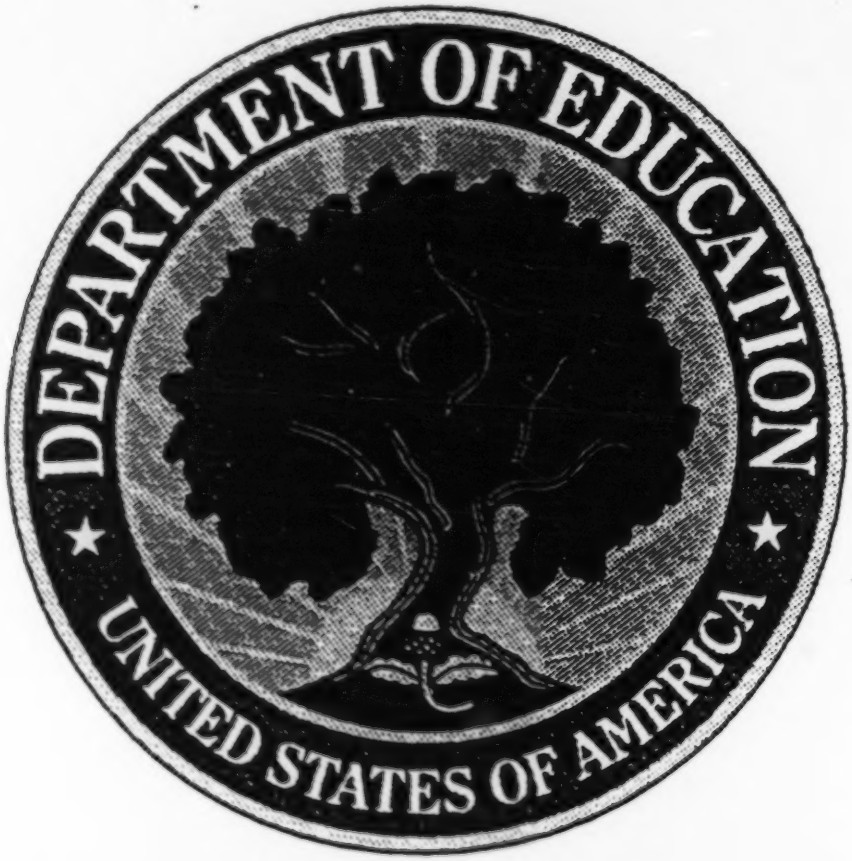

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Fact Sheet: An E-Rate Update from the U.S. Department of Education
Providing Schools and Libraries Affordable Access to the Information Superhighway

What is the E-Rate?
The Education Rate (E-Rate) is the result of a regulatory decision made by the Federal Communications Commission (FCC) on May 7, 1997. The FCC decision means that starting in 1998, schools and libraries will be *eligible* for up to $2.25 billion a year in *discounts* for a wide range of telecommunication *services*.

Who's Eligible?
- *Public Schools*. All K-12 elementary and secondary schools.
- *Private* Schools. Are eligible as long as they are non-profit and with endowment not exceeding $50 million.
- *Libraries* are also eligible. This includes individual library branches, library facilities, library systems and library consortia.

What Services are Available?
- *Internet Access*
- *Internal Connections--Bringing the Technology into the Learning Environment:*
  Basic installation of networks necessary to bring information all the way into the school, the library, and classrooms.
- *Telecommunication Services:*
  Flexibility to choose among different types of commercially available telecommunications services for both voice and data. Examples include: regular telephone lines for teachers to receive phone calls in the classroom, pagers for security officials, high bandwidth telecommunication service for Internet access, and satellite services for distance learning.

What's not Covered?
- Computers for teachers and students, fax machines, modems, software, professional development, asbestos removal. Resale of discounted services is prohibited. The Department of Education has two programs that fund the acquisition of computers, software, and professional development. These grant programs are the Technology Literacy Challenge Fund and the Technology Innovation Challenge Grants.

How Much Money is Available in Discounts?
- Up to $2.25 billion per year will be available from the Universal Service Fund. Schools and libraries will not receive these funds directly, instead you will realize the savings in the form of discounts and service providers will be reimbursed for discounted services provided.

What are the Discounts and How Are they Determined?
- Discounts range from 20-90 percent based on economic disadvantage and geographic location. Econonic need is determined by eligibility for the Free or Reduced Price Lunch Program.

How do we get Ready to Apply?
Although the Fund will not be available until January 1, 1998, there are several things you can begin to do to get ready:
- Develop a plan for technology in your school and library. Begin by checking with your State Education Agency.
- Conduct a needs assessments–undertake an inventory of technology and capacity in your schools and libraries.
- Seek advice from experts and other communities that have experience in deploying technology for education.

Where Can I Learn More About the E-Rate?
- Call us at the U.S. Department of Education at (800) USA-LEARN, or visit our World Wide Web site at: www.ed.gov/Technology. You can also call the FCC at: (888)-Call-FCC
  or visit their World Wide Web site at: www.fcc.gov/learnnet.

Status Report: An E-Rate Update from the U.S. Department of Education
June 1997

On May 7, 1997, the Federal Communications Commission (FCC) issued its unanimous ruling on Universal Service. For the first time, schools and public libraries will be eligible for Universal Service support, this is referred to as the E-Rate (education rate). The E-Rate makes K-12 schools (public and non-profit private schools with endowments of less than $50 million) and public libraries eligible to receive up to $2.25 billion per year in discounts for a wide range of telecommunication services.

The Universal Service Fund for schools and libraries covers commercially available telecommunication services (such as voice and data service), internal connections that are necessary for bringing the technology into each classroom, and Internet access.

Discounts range from 20-90 percent and and are based on geographic location and economic disadvantage. The average discount is about 60 percent. These discounts will help prepare students and all citizens for the Information Age by connecting them to the vast learning resources available on the Internet.

What Happens Next:

The Universal Service Fund for schools and libraries becomes available and will begin reimbursing providers for services rendered on January 1, 1998. The Fund Administrator will be in place shortly.

Once the Fund Administrator is in place and the implementation process is finalized, eligible institutions will need to submit to the Fund Administrator: 1) a self-certification of eligibility including need-based eligibility, 2) a technology plan approved by an independent agency (such as your state education or library agency), and 3) a description of the services sought.

Before the actual application process begins the following needs to happen:

- Working Out the Details: As requested by the FCC, the U.S. Department of Education in partnership with a broad-based coalition of education groups, is advising the FCC on the design of applications, review and approval process, aggregation of demand for services, and the selection of an auditor.

- Define the Duties of the Fund Administrator. The National Exchange Carrier Association (NECA) has been selected as the interim Fund Administrator by the FCC. The Fund Administrator will be responsible for receiving and processing applications, collecting the funds and reimbursing service providers for services rendered. The FCC will provide a written order further detailing the Administrator's duties.

- State Endorsements of the Discounts for Intrastate Services. Every State Public Utility Commission will need to take action so that schools and libraries in their state can receive E-Rate discounts. Specifically, State Public Utility Commissions need to set in place a discount formula for intrastate services that matches or exceeds the 20-90 percent discounts set by the FCC.

Getting Ready to Apply:

Although the Fund will not be operational until January, 1998, now is the time to get ready. Schools and libraries should develop long term plans for implementing technology, if they have not done so already.

Specifically, school districts should begin to take stock of where they are, conducting an inventory of available technology, resources for teachers, and reviewing efforts currently underway.

State and local education agencies, parents and community leaders, the telecommunications industry, and the federal government can help by making sure that schools and libraries have the support of the community, access to current information, and technical assistance.

To Learn More About the E-Rate:

There are several sites on the Internet that provide quality information on education and the E-Rate.

- U.S. Department of Education at http://www.ed.gov/Technology or call (800) USA-Learn
- Federal Communications Commission at http://www.fcc.gov/learnnet or call (888) CALL-FCC
- EdLinc at http://www.itc.org/edlinc/discounts/

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E-Rate--Questions and Answers

When the Telecommunications Act of 1996 was signed into law, for the first time schools and libraries became eligible for Universal Service support. An explicit goal of the Act is to ensure that schools and libraries have affordable access to advanced telecommunications. On May 7, 1997, the Federal Communications Commission (FCC) issued a unanimous ruling for implementing Universal Service. Below are some answers to commonly asked questions regarding the FCC's order on universal service for schools and libraries.

What is the "E-Rate"?

The E-Rate is the discount that schools and libraries will receive for the acquisition of telecommunication services. Eligible schools and libraries can receive discounts of 20-90 percent on telecommunication services, Internet access and internal connections necessary for deploying technology into the classroom.

Who's Eligible?

- *Schools*: All elementary and secondary schools as defined within the Elementary and Secondary Education Act are covered. Private schools are eligible as long as they are not operated as a for-profit business and do not have an endowment exceeding $50 million. Individual schools, school districts and consortia are eligible applicants.

- *Libraries:* Public libraries as defined in the Library Services and Technology Act (LSTA) are also eligible. This includes individual library branches, library facilities, library systems and library consortia.

What Services are Available?

- *Telecommunication Services:* Schools and libraries are given maximum flexibility to choose among different types of commercially available telecommunication services for both voice and data. Examples include: regular telephone lines for teachers to receive phone calls in the classroom, pagers for security officials, high bandwidth telecommunication services, satellite delivery for distance learning, and coaxial cable.

- *Internet Access:* Services for accessing the Internet are eligible for discounts. For example, E-mail and access to the World Wide Web are subject to discounts. Content, such as a paid subscription service, is not covered.

- *Internal Connections--Bringing the Technology into the Learning Environment:* Basic installation and maintenance of a network are eligible for discounts. Examples of eligible technologies necessary for establishing a network include: routers, hubs, network file servers, wireless Local Area Networks and software needed for operation of file servers. Personal computers used solely as switches or fileservers are eligible. However, personal computers for teachers and students are not covered.

What's not Covered?

Computers for teachers or students , fax machines, modems, software, professional development, and asbestos removal. Resale of discounted services is prohibited.

How Much Money is Available in Discounts?

Up to $2.25 billion per year will be available from the Universal Service Fund. The Fund for schools and libraries will be established on January 1, 1998.

What are the Discounts?

Discounts range from 20-90 percent and are based on economic disadvantage and geographic location.

How Are the Discounts Determined?

The level of discounts for schools and libraries is based upon the level of eligibility in the federal free and reduced lunch program. Libraries will use the school lunch eligibility percentage from their local school districts.

SCHOOLS AND LIBRARIES DISCOUNT MATRIX		DISCOUNT LEVEL	
HOW DISADVANTAGED?		urban discount (%)	rural discount (%)
% of students eligible for national school lunch program	(estimated % of US schools in category)		
< 1	3	20	25
1-19	31	40	50
20-34	19	50	60
35-49	15	60	70
50-74	16	80	80
75-100	16	90	90

What is the Universal Service Fund and How is it Administered?

The Universal Service Fund for schools and libraries will be established on January 1, 1998. Revenues of telecommunications service providers will be assessed to determine their contribution into the Fund. The Fund Administrator on an interim basis is the National Exchange Carrier Association (NECA). NECA is an independent entity that currently administers the Universal Service Fund.

The Fund Administrator will be responsible for collecting contributions into the Fund and reimbursing providers who have delivered service(s) to schools and/or libraries. The Fund Administrator will also be responsible for accepting applications for discounts that have been pre-approved and posting requests for services on a electronic clearinghouse that will be available to all competitors for bidding on proposals.

Review and Approval of Applications

Applications will be reviewed for two purposes. First, for completeness, and second, for appropriateness.

- *Completeness.* The Fund Administrator or a sub-contractor to the Administrator will be responsible for collecting applications and ensuring that they have been completed by the applicant.

- *Review and Approval.* In cases when a State Education Agency (SEA) cannot review and/or approve a technology plan, other entities will be made available to provide review and approval. For example, a private school may need a different review and approval body than a public school district. The U.S. Department of Education, in partnership with many national education associations is working to provide advice to the FCC on alternative review mechanisms.

Where to Apply

Once the implementation issues have been finalized, applications will be distributed. Approved technology plans, along with the application forms, should be submitted to the Fund Administrator who will be responsible for collecting and posting requests for services on an electronic clearinghouse.

Next Steps in Getting Ready to Apply:

Although the Fund will not be available until January 1, 1998, there are several things you can begin to do now to get ready:

- Plan for technology, if you have not done so already, in light of the FCC ruling and continue to develop technology plans.
- Conduct a needs assessments--undertake an inventory of technology and capacity in your schools and libraries.
- Seek advice from experts, talk with other states and/or school districts, and build community support.
- Budget for implementation. Account for cost savings and outlays that will occur as a result of the E-Rate.
- Collect information on eligibility for the federal free and reduced priced lunch program in your schools.
- Check with your State Education Agency.

Where to Learn More:

There are several sites on the Internet that provide quality information on education and the E-Rate.

- U.S. Department of Education at http://www.ed.gov/Technology
- Federal Communications Commission at http://www.fcc.gov/learnnet
- EdLinc at http://www.itc.org/edlinc/discounts/